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SENATE BILL 2389 By  
Fowler

HOUSE BILL 2703  
By Wood

AN ACT to amend Tennessee Code Annotated, Title 33, Chapter 2, relative to mental health and mental retardation licensees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 33-2-504, is amended by designating the existing language as subsection (a) and by adding the following new subsections:

(b) Any requirement imposed by the department with respect to the operation or management of a facility licensed under this part for the purpose of complying with any settlement agreement or remedial order issued by any state or federal court shall be applicable to persons not a party to the suit in which such settlement agreement or remedial order was entered only after such requirement has been adopted as a rule in accordance with law, with due consideration being given to the amount of additional expenses which will be incurred by any facility in complying with any such rule or requirement.

(c) The department shall assess in writing the fiscal impact on licensees under Tennessee Code Annotated, Section 33-2-501 et seq. of any change to any rule, regulation, policy or guideline relating to the staffing, physical plant or operating

procedures of such licensee. The department's estimate of fiscal impact shall be transmitted to the comptroller of the treasury for consideration in the determination of reasonable and allowable costs for such licensee.

(d) The provisions of subsection (c) shall only apply to any rule, regulation, policy or guideline which affects members of a class created by a settlement agreement to which the department is a party or a class certified by court order.

SECTION 2. Tennessee Code Annotated, Title 33, Chapter 2, is amended by adding the following as a new section to be appropriately designated:

Section \_\_\_\_\_. Payment by the department to licensees under this chapter will be based upon a consideration of the reasonable, allowable prospective costs, including capital and training costs, which will be incurred during the contract term by an efficiently and economically operated provider, and may be adjusted during the term of the licensees' agreements with the department pursuant to Tennessee Code Annotated, Section 33-2-504(b). The rates to be paid to licensees will be adopted by the department in consultation with the community rehabilitation agencies of Tennessee and will be based upon recommendations of the comptroller of the treasury regarding which costs are reasonable and allowable as determined in accordance with regulations adopted by the comptroller.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.